

# IUF Coca-Cola Investor Update



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## Coke Classic? In Indonesia Coca-Cola Amatil retains nostalgia for the military dictatorship

Often companies relaunch old brands as a reminder of glory days long past; to bring back memories of better times. Nearly two decades after the fall of the Suharto dictatorship in Indonesia, Coca-Cola Amatil (CCA) is still clinging to the repressive trade union structures established under the authoritarian military regime (1967-1998). While CCA tells investors about its plans to modernize its plants and its bright future, it doesn't tell them about the risks the company creates every day by colluding with these old trade union structures. Not only has this increased the risk of human rights violations, but the plans to modernize bottling plants and distribution while keeping workers in the authoritarian past puts its entire operation in Indonesia at risk.

CCA believes that the old trade union structures of the SPSI-RTMM (National Union of Tobacco, Food and Beverage Employees of Indonesia), which for years colluded with the military to suppress workers' human rights, are useful for its business expansion. As the company restructures, management can make deals with SPSI-RTMM to prevent workers from challenging and negotiating those changes. It ensures that those who claim to speak on behalf of workers will not defend their rights. Unilateral decisions on restructuring are made with the assurance that SPSI-RTMM will impose discipline. In fact, Coca-Cola Amatil Indonesia retains Suharto era Collective Bargaining Agreements that are effectively disciplinary codes to control and manage the workforce. They date from an era when questioning the actions of worker organizations appointed and sustained by the military was legally tantamount to treason.

But there is a price to pay: CCA has to accept all of the old practices of SPSI-RTMM, including direct and indirect supply chain relationships with the labour hire agencies that these old union structures operate. CCA also has to accept the contradiction that comes with modernizing for the future while keeping workers in the past and the crisis this has produced throughout its operations. More and more workers are standing up to exercise their human rights - to form and join trade unions of their own choosing - like workers in other multinational companies where independent, democratic trade unions were formed after the fall of the dictatorship in 1998. After 19 years, Coca-Cola workers in Indonesia are saying, it's our time!

In response, CCA has once again demonstrated its nostalgia for the repressive past. The elected trade union leaders of these new independent unions have been targeted, victimized and terminated or forcibly transferred. Workers attempting to leave SPSI-RTMM have been told to stop any independent union organizing activities and to

withdraw their petitions. Management actively supports SPSI-RTMM unions in all their forms, agreeing to all sorts of deals, as long as workers don't challenge the destruction of jobs and unilateral restructuring. At the same time the SPSI-RTMM unions aren't able to do what they are paid to do: workers are holding protest actions and are continuing to organize. They are continuing to exercise their internationally recognized human rights, bringing the company forcibly from the authoritarian regime of the past into the democratic aspirations of today. As CCA tries to retain its old brand of classic repression, it raises risk, by violating international human rights conventions and by provoking a demoralized, frustrated workforce at a time when CCA needs modern industrial relations rooted in respect for worker and trade union rights. to restructure and grow. SPSI-RTMM can certainly help CCA restructure but the weight of its repressive and corrupt role will sink the business, not grow it.

In its press release on April 2, 2015, The Coca-Cola Company stated: "Our company's \$500 million investment reaffirms our belief in Indonesia and will help us capture the growth opportunity in one of the largest and most dynamic countries in the world as we enable our system to be even more responsive to consumer and customer needs. We believe by creating more jobs and where possible sourcing locally, we can promote the local economy and contribute to economic growth in Indonesia." But what Coca-Cola Amatil and The Coca-Cola Company will not promote or contribute to in any form is democracy or democratic rights, in society or in the workplace. As more workers join independent unions and demand their rights, CCA and TCCC will need to give up on their nostalgia for the authoritarian past and - 19 years too late - bring the company into the present day.

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*The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) is an international trade union federation composed of 427 trade unions in 127 countries representing over 10 million workers. It is based in Geneva, Switzerland.*

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